

Holes in the safety net: The impact of Universal Credit on families with disabled children

Report 1

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Introduction

The current means tested benefits and tax credits system provides crucial support for people with disabilities, helping them with additional costs they face as a result of their condition. This may include costs as diverse as aids and adaptations to the home which cannot be covered through other sources of support, through to additional costs of travel for hospital appointments or therapeutic activities. These additional costs vary, and in many cases can be extremely high.

The introduction of the new 'Universal Credit' includes reforms which fundamentally restructure support for people with disabilities –affecting both disabled children and adults, as well as their families.

Baroness Grey-Thompson's inquiry into Disability and Universal Credit was established to examine whether this restructuring of support is likely to meet the government's objectives of simplifying the system, making work pay and supporting those with the greatest needs.

This report, which follows on from the June interim inquiry report 'Disability and Universal Credit,' looks in more detail at changes to support for disabled children. In particular it addresses the potential impact of a cut in support of up to £28 per week, for disabled children who are receiving any rate of Disability Living Allowance apart from those on the higher rate of the care component (or who are registered as blind).

The report has two key roles. Firstly, it examines the rationale for changes to support for disabled children under Universal Credit, and the extent to which this justifies the changes being made. Secondly, it considers the real impact that the changes could have on the lives of families with disabled children.

The report draws on a survey of around 1400 parents of disabled children, as well as detailed evidence provided to the inquiry from several families who may be affected by the changes, at an evidence session held in July. The report provides key recommendations for changes to Universal Credit to ensure that it provides fair and progressive reform to support people with disabilities.

As the report makes clear, the impact of this change could be extremely severe. When families who may be affected were asked about losing £30 per week in support for disabled children they expressed widespread concerns about having to cut back on food or heating, and getting into (or further into) debt. In some cases, families expressed fears that they could no longer be able to afford their home, and even in a small number of particularly worrying cases, that their child may be taken into residential care because they could no longer afford to provide the support they need.

The report makes recommendations for improving the targeting of this policy, in order to reduce the potential impact on families with disabled children.

Summary

The issue:

At present, families with a disabled child, for whom they are in receipt of some level of DLA, may be entitled to receive support through the disability element of child tax credit, currently worth £57 a week. Under Universal Credit, this support is to be provided through 'disability additions' within household benefit entitlements but the proposal is to cut this support in half to just £28 a week. This change will affect all families with a disabled child unless the child is receiving the high rate care component of DLA or is registered blind.

Main findings:

- Families likely to be affected by the cut in support reported that they typically face substantial additional costs as a result of having a disabled child including paying for specialist aids, adaptations to their homes, additional clothing costs and travel costs.
- In some cases families may be able to offset some or all of the impact of the cut by moving into work. However, for many of the most vulnerable families this was not possible as many parents reported finding it very difficult to find jobs with suitable hours to fit in with caring for their disabled children. This was particularly true for lone parent families with children on the mid or high rate care components of DLA.
- The majority of non-working families expected to be out of employment for a substantial period of time. Moreover, many families with disabled children faced high costs of childcare in work, which substantially reduced the benefits of working.
- There was evidence that local authorities would not be able to make up the shortfall in assistance as the majority of families did not receive any support. Around six in 10 of the families likely to be affected by the cut to support, said that they received no support from the local authority for their child's disability. For those who were receiving additional support, around six in 10 said that this support had been cut over the last year.
- Evidence suggested that for those affected by the cut, the impact could be disastrous resulting in them having to cut back on essentials like food. Some families worried about falling into debt and one in 10 families said they may be forced to move house.
 - Two thirds of those likely to be affected said that if they received £30 per week less in benefits for their disabled child they would cut back on food expenditure
 - More than half said it would lead to them getting into debt
 - More than one in 10 said they may need to move home.
- The responses indicate that the impact may be greatest for lone parents caring for disabled children. More than three quarters of this group said they would need to cut back on food, two thirds that they would get into debt, and worryingly as many as one in six said they may need to move home if affected by the cut. This is a particular concern since lone parents often find it more difficult to offset the impact of the cut through employment as a result of a greater caring responsibilities and the likelihood of high childcare costs in work.
- Families raised concerns about the impact that the cut could have on their family life. Parents said that the cut would affect their whole family, not just the child with the disability. In a few particularly worrying cases parents were concerned that they would no longer be able to afford to support their child, and that they would need to move them into full time residential care.

Recommendations:

We do not support any reduction in benefits for disabled children. Nonetheless we have proposals that would substantially improve the targeting of this policy:

1. Protect children on the mid rate care component of DLA.

The survey evidence suggests that families with children on the mid rate care allowance were particularly vulnerable to this cut because their level of care responsibilities, combined with a high likelihood of high childcare costs in work, would make it particularly difficult to offset the impact of the cut through work. The government should protect this group from the cut by maintaining their disability additions at current rates under Universal Credit.

2. Additional support with childcare for families with disabled children.

The evidence suggested that families with disabled children are considerably more likely to face higher levels of childcare costs than families without disabled children. We believe that the government should consider increasing the rate of childcare support for families with disabled children under Universal Credit, to 10% higher than that provided for non-disabled children (from 70 to 80% at current proposed rates.)

Background to the change

At present, families with a disabled child may be entitled to receive support through the disability element of Child Tax Credit, currently worth £57 a week. Under Universal Credit, this support is to be provided through 'disability additions' within household benefit entitlements but the proposal is to cut this support in half to just £28 a week. This is equivalent to a loss of around £1500 per year for most families with a disabled child, and could push families below the poverty line.

This change will affect families with a disabled child and in receipt of Universal Credit, unless the child is receiving the higher rate of the care component of DLA or is registered blind.

The change will cost families with a child born with a disability up to £24,000 by the time the child reaches 16 years old. The rate is paid per child, so a family with two disabled children could lose double this amount. The government estimates that this change will affect around 100,000 disabled children.

Some families with disabled children, who can work without incurring childcare costs, will be better off under Universal Credit, despite the £28 a week cut as a result of improved work incentives under the new system. However, many others will be unable to offset the impact of the cut through work.

This section outlines the current situation for families who will be affected by this change including the additional costs of disability they face, their current employment status and childcare costs.

Two key justifications have been given for the changes to the child disability element under Universal Credit. These are:

1. Improved work incentives

The impact of Universal Credit cannot be seen solely in terms of the disability additions. Parents with disabled children who move into work may see benefits from improved work incentives which outweigh the losses resulting from changes in the disability additions.

2. Aligning support for disabled children and adults

To align support with disability additions for adults in the work related activity group (WRAG) of Employment Support Allowance (ESA) which are substantially lower than the current disability addition for children.

This chapter addresses the extent to which this justification for the changes is supported by the evidence, as well as considering the potential impact of the changes. In particular, the following key questions are addressed:

1. Will improved work incentives offset the cuts to support for families with disabled children? In particular, evidence from the survey is used to consider barriers to employment and costs of moving into work for those families with disabled children who are likely to be affected by the changes.

2. Does the reform successfully align support for disabled children and adults?

Entitlements under the current system and Universal Credit for families with disabled adults and those with disabled children are compared in order to assess the extent to which the reform aligns support between the two groups. In addition, survey evidence is used to question whether direct comparisons of benefits for disabled children and adults are appropriate.

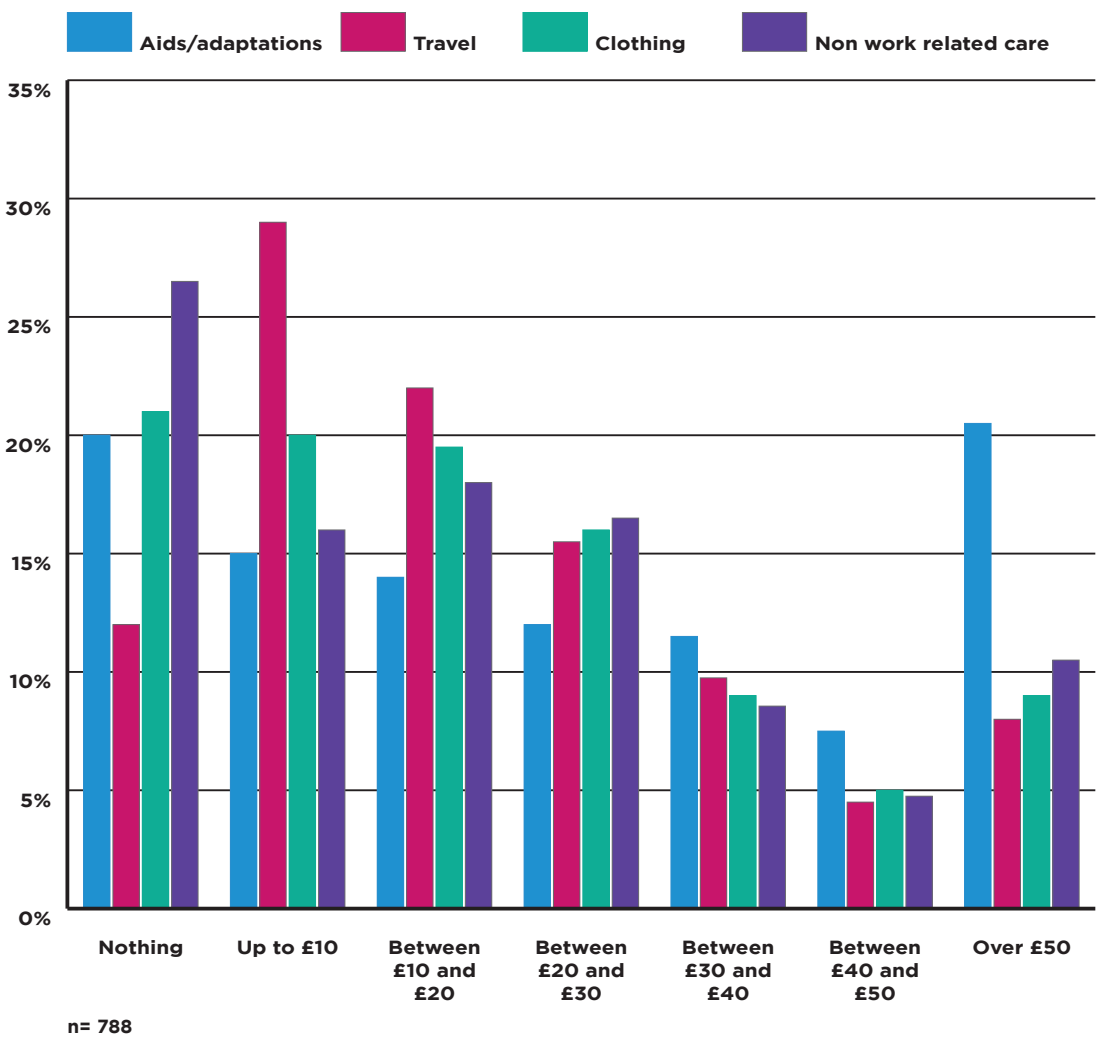
3. What would be the impact of the reforms on the families affected? Survey evidence is used to assess the potential impacts of a cut to support for disabled children, for those families likely to be affected by the reforms, on a number of key areas of family expenditure.

Survey results

i. The costs of disability

Families with disabled children face a range of additional costs of living resulting from their child’s disability. Disability benefits are intended to provide support for these costs. We asked families about these additional costs focusing on four key areas of spending – aids and adaptations, travel costs, clothing, and non work related care costs (work related costs of care are discussed separately) . ¹ An overview of the results is shown in figure 1 below.

Figure 1: Percentage of survey families with given levels of weekly expenditure on different costs of their child’s disability



As can be seen, aids and adaptations were the largest category of expenditure, with 21% of families spending more than £50 per week on this area of expenditure alone.

The survey asked families to provide some details on their spending on aids and adaptations. The responses included specialist equipment for daily living, to stimulate development and for leisure activities including adjustable beds, specialist toilets, specialist cutlery, therapeutic putty and appropriate toys. Other respondents also had to pay for costly major adaptations to their homes or for repairs for example:

¹ It was not intended that this should give an idea of the overall costs of disability, but rather the costs of key categories of

'We removed our bath and fitted a walk in shower due to my son's mobility needs.'

'Alterations to house, the way we would like them, have not been funded so we needed to re mortgage our house'

'My child often breaks household items in temper and frustration. He has destroyed all his bedroom furniture on many occasions which I have had to replace. He ruins books, toys and the furnishings around the home.'

Whilst not incurring the highest average level of cost, travel costs were by far the most frequently incurred, with only 12% of families reporting no additional travel costs as a result of their child's disability.

A particular expense detailed by families was the cost of travelling to regular hospital appointments for their child, as well as occasionally having to cover travel costs to specialist hospitals in different areas:

'We regularly have 3 appointments a week, can be as many as seven and we have appointments at 4 different hospitals which incur additional petrol costs, depreciation on the car and parking fees. The hospitals we attend the most involve a round trip of an hour and half to two hours depending on time of day.'

'We have to travel to Exeter hospital at least twice a month, twice a year to Bristol for his cochlear review'

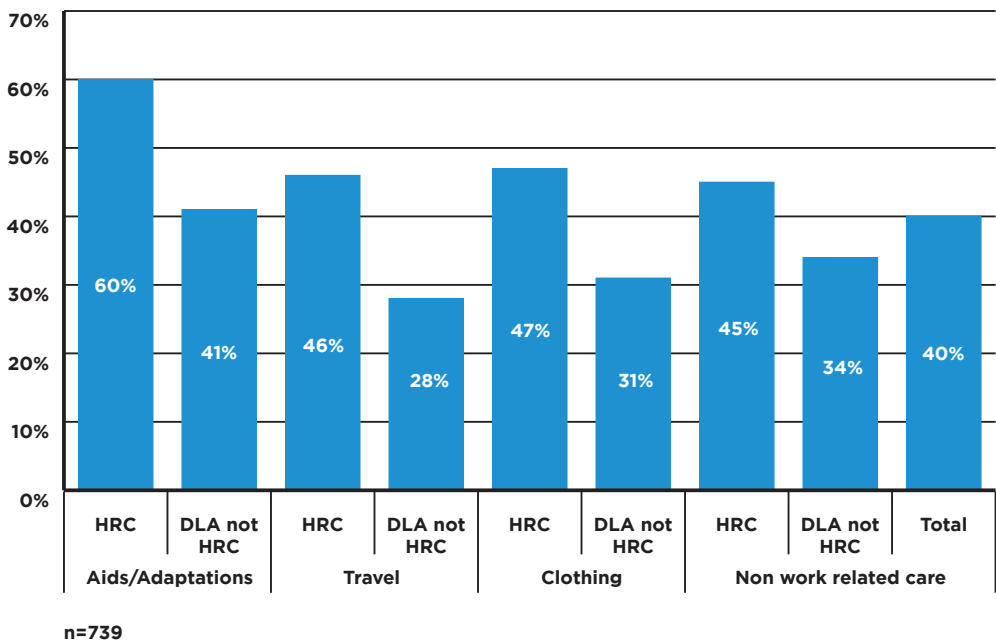
'Trips to hospital in London by train, usually with cabs as the underground lacks lifts'

We also compared the costs identified by families who would be affected by the policy change and those who would be protected. To do this, responses were broken down into two groups by the level of DLA received - those on the high rate care component (who would be exempt from the cut to support under Universal Credit), and those receiving DLA but not on the high rate care component, who would not be exempt unless the child had a severe visual impairment ². (A description of the basis on which different rates of DLA for children are paid is given in appendix 1.)

As expected those with children on the high rate care component were more likely to have weekly costs of over £50, and less likely to have no costs in each category of expenditure. However, it is notable that in all areas of expenditure, families likely to be affected by the cut to support still faced substantial costs, with 40% having costs of more than £20 per week for aids and adaptations, 28% for travel, 31% clothing and 34% non work related care costs.

² The nature of the impairment was not identified in the survey, so the relatively small group of children with a severe visual impairment could not be distinguished in the analysis.

Figure 2: Proportions of families with disabled children with weekly costs of more than £20, by whether child in receipt of high rate care (HRC) component of DLA or not

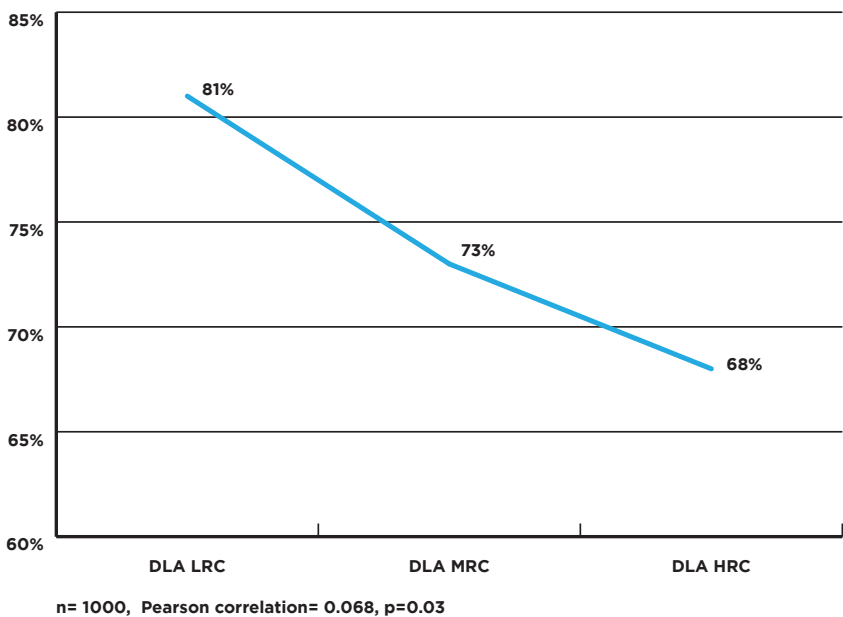


ii. Work status

The families affected by the change will be comprised of a mixture of working and non-working households. 72% of the families with disabled children responding to the survey were in some level of employment.

Amongst families with a child in receipt of DLA, the likelihood of families being in employment was found to be related to the level of DLA received for the child. Figure 3 shows the proportion of households employed³ for children receiving the care component of DLA.

Figure 3: Household employment by receipt of DLA for child

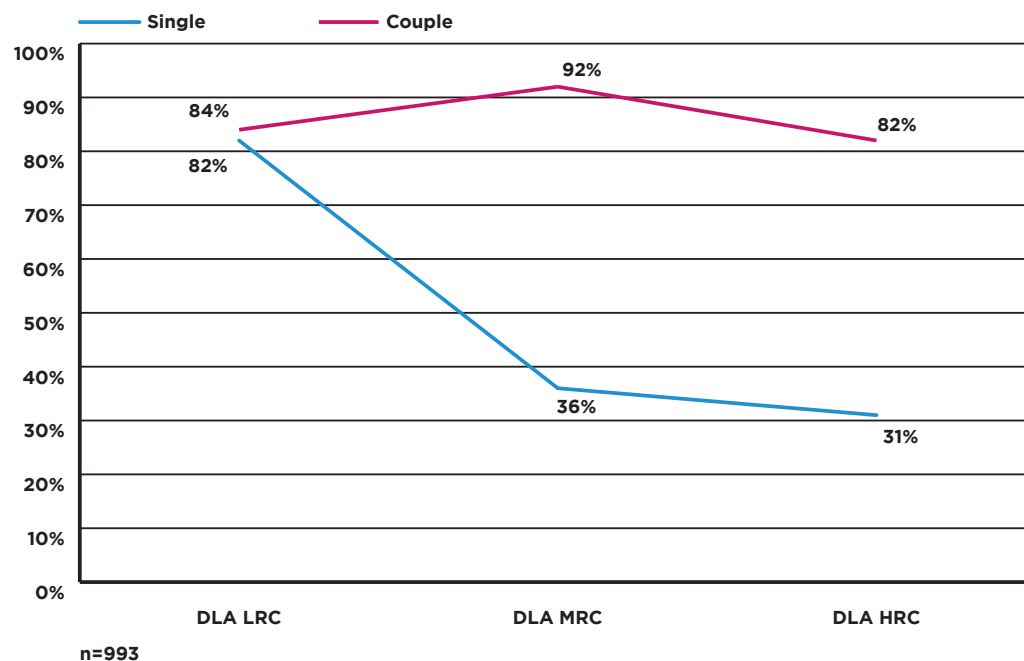


³ Whether respondent or their partner if they have one is in any paid employment

There was a weak but statistically significant correlation between the rate of DLA care component received, and likelihood of household employment. Figure 3 indicates that unsurprisingly those with children receiving the higher levels (mid and high rate) of DLA support are less likely to be in employment. Notably however, there is a bigger drop in employment between those with children on low rate and those on mid rate care than there is between those with children on mid rate and high rate care.

These results were further broken down to consider the difference in employment rates between lone parent and couple households by rate of DLA received. The results are shown in Figure 4.

Figure 4: Household employment by parenting status and child DLA receipt

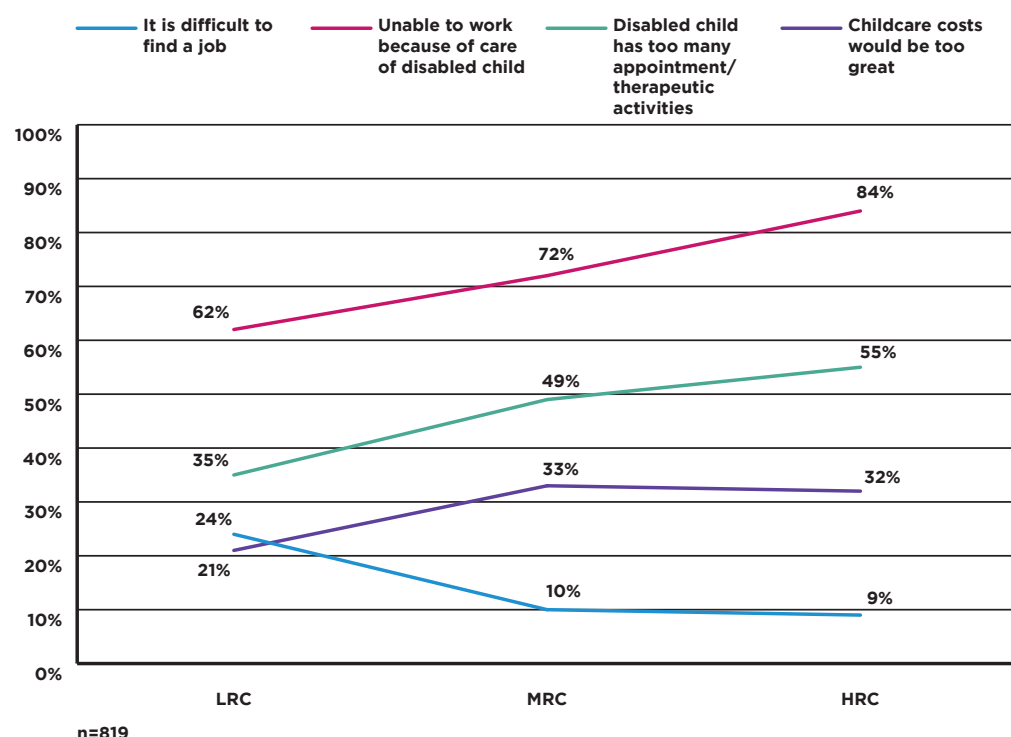


Having a child with a disability does not have a substantial impact on employment rates among couples, but the rate of DLA receipt makes an enormous difference for lone parent employment rates.

In particular, whilst employment rates were found to be similar for lone parents and couples with children on low rate care, only around a third of lone parents with children on mid rate care were in work, compared to 92% of couple households. It is also notable that employment rates do not decline greatly between lone parents with children on mid rate care and those with children on high rate care.

Respondents in households with at least one parent not working full time were asked why they were not in full time work. The results for children on different rates of DLA are shown below.

Figure 5: Reasons for some member of the household not being in full time employment, by DLA status of the child



As figure 5 indicates, for most of the families with children on DLA, difficulty in finding work was not the major reason for not working / not working full time. This was particularly true if their child had higher levels of DLA support. Care responsibilities were the principle reason for not taking up additional work, with families stating:

'Too much stress working and caring for severely disabled child'

'I have to make sure someone is available for my son at all times'

Many families stated that it was difficult to find jobs with suitable hours to fit in with caring for their disabled child and they have to work part-time or only during school hours to ensure they can care for and supervise their disabled child:

'I have to be at home until my child is picked up by a taxi to go to school... Also have to be home when she gets back from school, so that limits the type of jobs I could do'

'We work shifts so that one parent is always home'

'I have tried to use an after-school club for my son but he couldn't cope with the additional time after school and became disruptive and aggressive. I now work only school hours so that I can be with him after school.'

Another main reason for not being able to work or take on more hours was that families regularly have to take their child to appointments and therapeutic activities:

'I have returned to work the minimum number of hours my employer will allow as we have so many appointments that I couldn't manage more'

'I stay at home to care for my son as he has many appointments and we have to travel far to Birmingham hospital as the local ones don't care for his needs'

However, it is notable that for around a third of respondents with children on mid or high rate care high costs of childcare were a principal reason for not everyone in the household being able to work full time, for example:

‘While I have looked for work I am not qualified enough to get a job that would pay for the increased childcare costs I would need to pay due to my son’s additional needs’

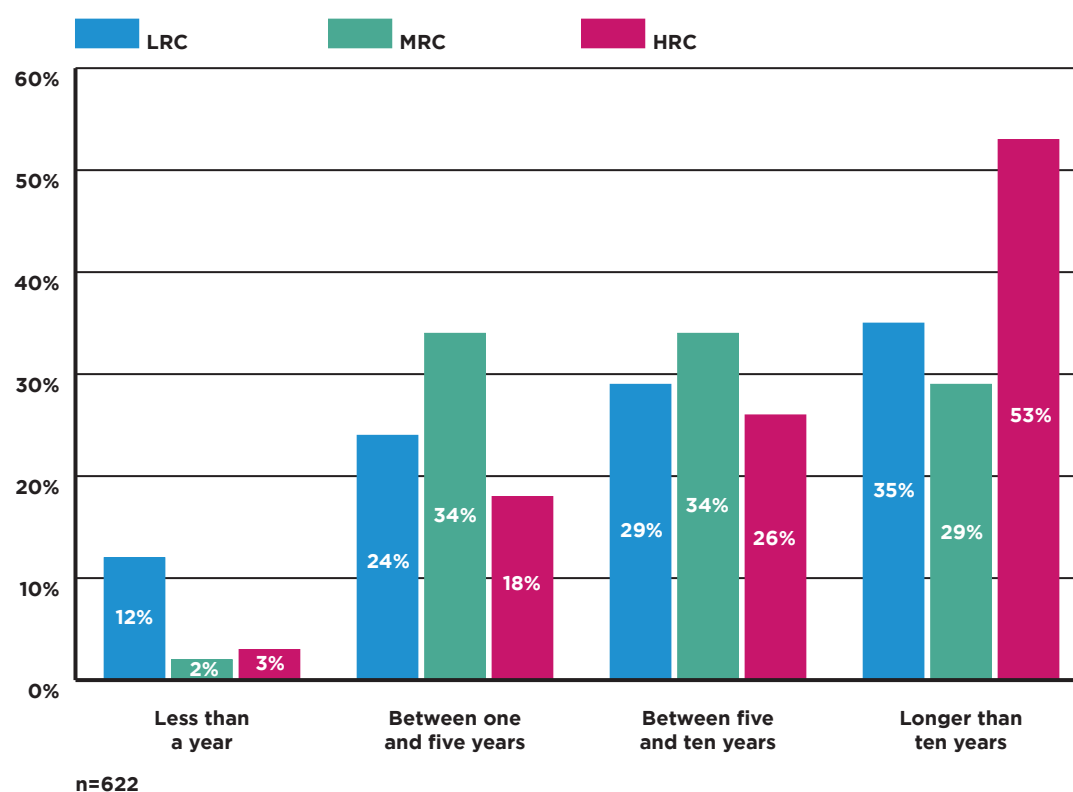
‘How viable will it be to pay 2 lots of childcare in a low paid job.’

Respondents with disabled children working less than 16 hours per week were asked how long they expected to stay out of full time employment. It is notable that in most cases, remaining out of employment was not seen as a short term decision. A large majority of respondents said that they expected to remain out of work for more than a year. One parent stated:

‘Gave up full time work to be available to care for child / attend appointments... will probably never go back into full time work as I expect to be caring for a disabled adult when he turns 18.’

This appeared particularly true for families on mid or high rate care. Whilst 12% of people with children on low rate care component, were looking to move back into work within a year, only 2-3% of people with a child on mid or high rate care said the same.

Figure 6: Length of time respondents expected to remain out of work of 16+ hours per week by DLA status of child



iv. Childcare for working families

The availability and affordability of suitable childcare can be a particular issue for families with disabled children. Households in work were asked whether they faced childcare costs as a result of their work. A fifth (21%) of working households in the sample paid some level of childcare. Unsurprisingly, lone parents were far more likely to require childcare than couple families with 29% of lone parents, and 19% of couples needing childcare⁴. Within the sample, the likelihood of requiring childcare varied by level of DLA received by the child, but this was not statistically significant.

4 A statistically significant difference $p=0.016$

Amongst those reporting childcare costs, substantially more than half reported higher costs of care as a result of having a child with a disability. More than half (55%) said that their child would require less or no childcare if they were not disabled.

The families also highlighted that there is a lack of suitable childcare available particularly for older disabled children:

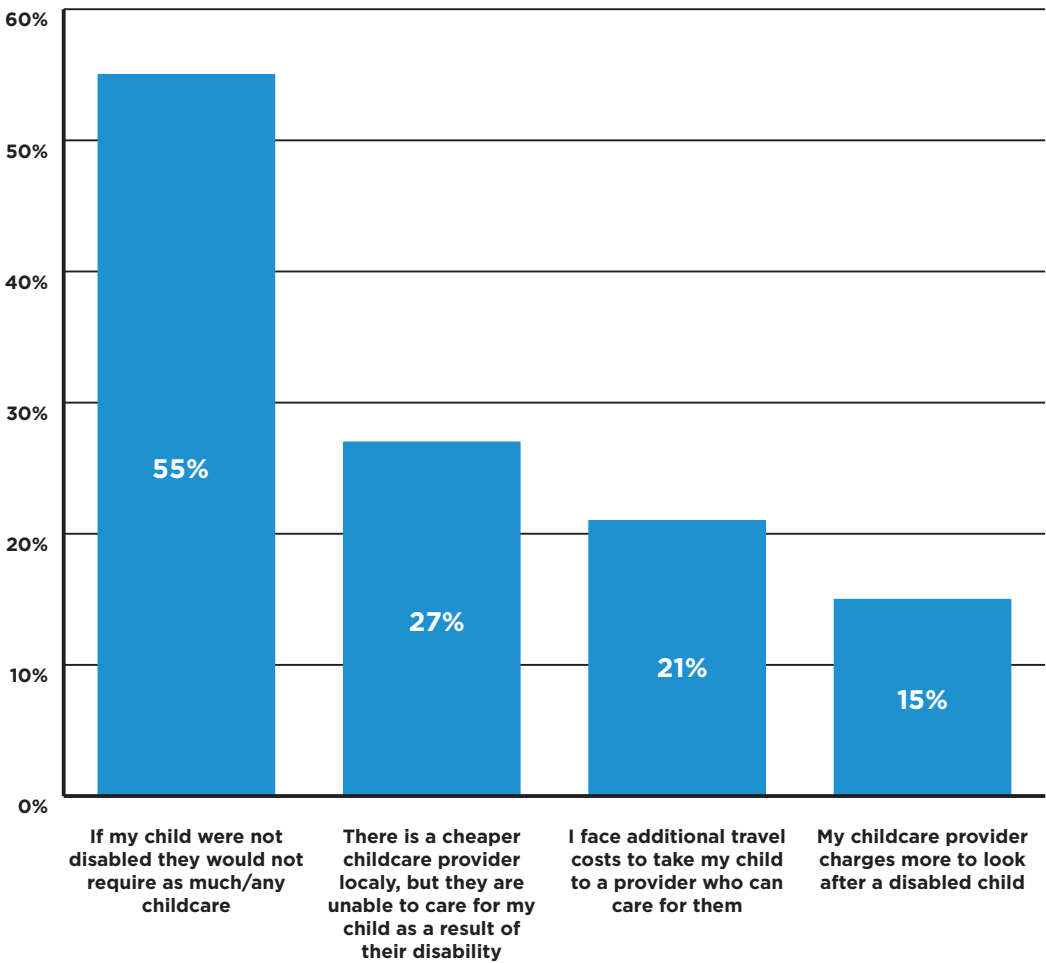
‘Don’t know any childcare facility in my area for disabled children. Don’t imagine a child minder would be able to cope’

‘Suitable childcare does not exist’.

‘Lack of childcare for older middle care needs disabled children even in the nearby City.’

A quarter of families with childcare costs (27%) reported having a cheaper provider locally but that they are unable to take their child. Around a fifth (21%) reported additional costs in getting to their childcare provider, as a result of their child having a disability, and around one in seven said that their childcare provider charged more as a result of their child’s disability.

Figure 7: Percentage of households reporting additional childcare costs as a result of their child’s disability

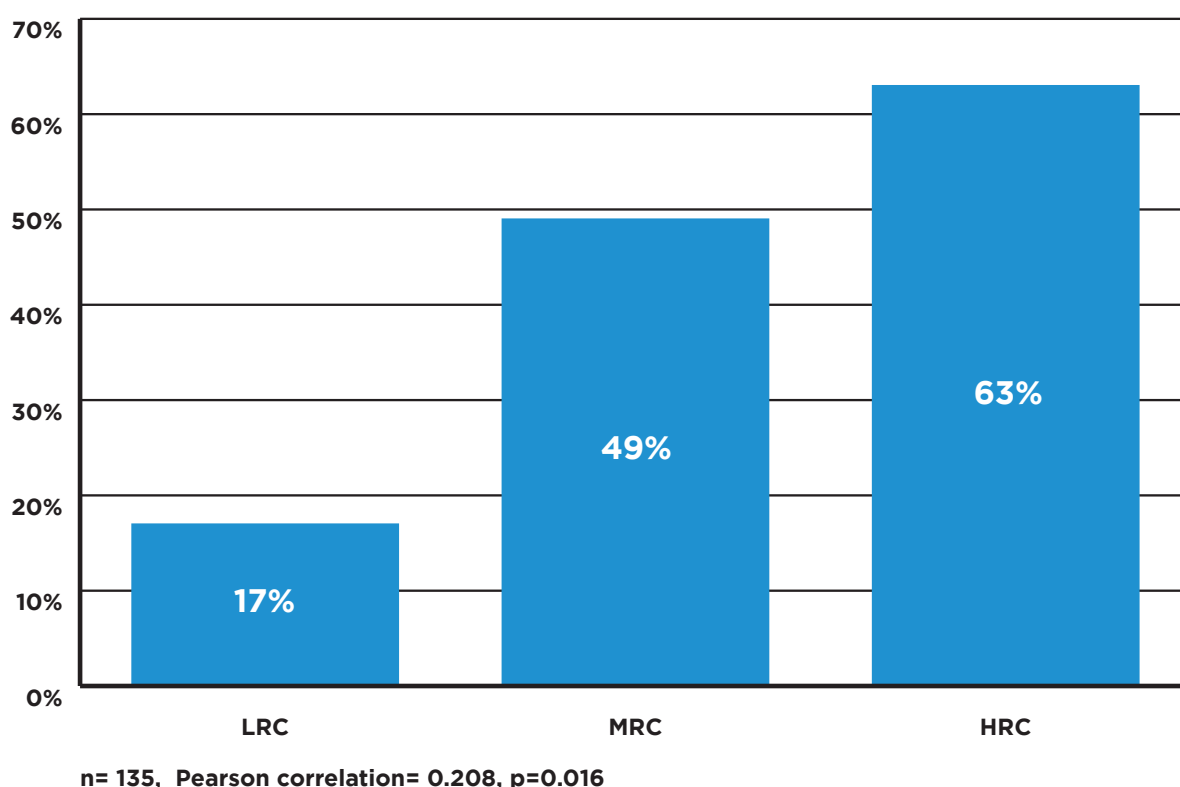


n=150

The proportion of parents with childcare reporting that their child would not need as much or any childcare if their child was not disabled varied significantly by the rate of DLA received by the child.

As can be seen in figure 8, 17% of families with childcare costs and a child on low rate care reported that the child would need less or no childcare if their child was not disabled, this increased to half of families with children on mid rate care, and nearly two thirds of families with children on high rate care.

Figure 8: Percentage of families with childcare costs reporting that their child would require less or no childcare if they were not disabled (by DLA care component for child)



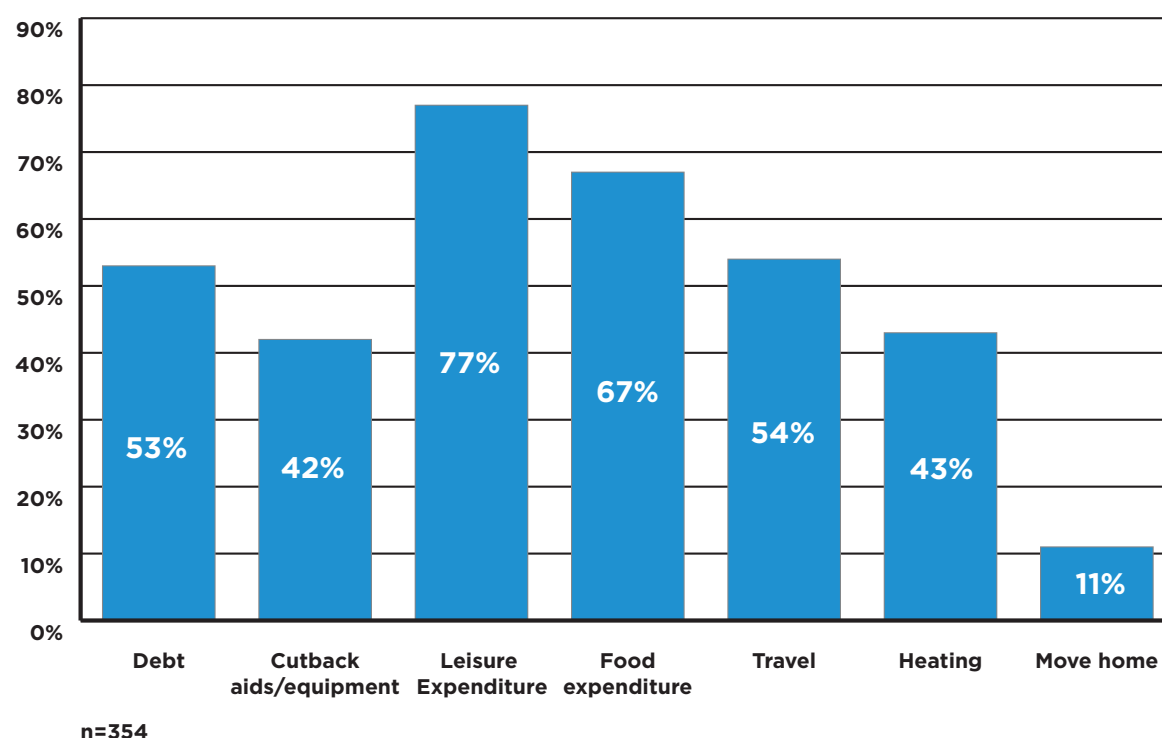
v. Impact of the changes

Respondents were asked about the impact that the proposed change in support for disabled children would have if it affected them.

In order to assess this, respondents were asked about the impact on their expenditure of a cut of £30 or more per week in benefits paid on account of their disabled children.⁵ The results for families with children on some rate of DLA other than the high rate care component (those families likely to be affected by the change) are shown below:

⁵ Although the level of the proposed cut to the disability element of child tax credit is around £30 per week, this is an imperfect proxy since other changes resulting from the introduction of Universal Credit are likely to affect the overall change in benefit entitlement. As a result, it is only possible to consider this change in isolation from wider changes resulting from the introduction of the new system.

Figure 9: Percentage of survey respondents recording predicted results of losing £30 or more in disability benefits (by category) for families with children in receipt of some rate of DLA other than high rate care



As figure 9 shows, the most common area of impact would be cutting back on leisure expenditure. Families were concerned about the impact this would have on their children:

‘Our son’s leisure activities and aids are severely limited by our budget at the moment and this would just increase his isolation and lack of opportunity’

‘My child would have little quality of life and would lose much of the social interaction he needs... It would be like a prison sentence’

Two thirds said they would cut back on food expenditure. Some families stated that they have already made reductions on non-essential spending so they would be forced to reduce spending on necessities like food:

‘I don’t have a social life, don’t drink or have TV/mobile phone. Cut backs will be to necessary things like food and especially clothing/activities for my child’

Around one in 10 families (11%) said that they would have to consider moving home because they could no longer afford their current accommodation and more than half said they would be likely to get into debt:

‘Might lose our house, we are in debt as it is now’

‘We would lose our home, have to move to council house probably not disabled friendly’

‘More debt on top of what we already have’

Families were very concerned about the prospect of facing a cut in their income with many families stating that they have already cutback and are unsure how they could reduce expenditure further:

‘Already doing this... Not sure how much further we can pare back’

‘This would have such a huge impact on us... I really do not know what we would do.’

Many families highlighted that the parents and siblings of the disabled child would suffer the cutbacks and this would lead to added stress and possible mental health issues:

'We would have to go without new clothes and possibly skip meals ourselves, in order to provide our children with the food and clothes they need'

'Stress, anxiety, not only for myself but for all my children'

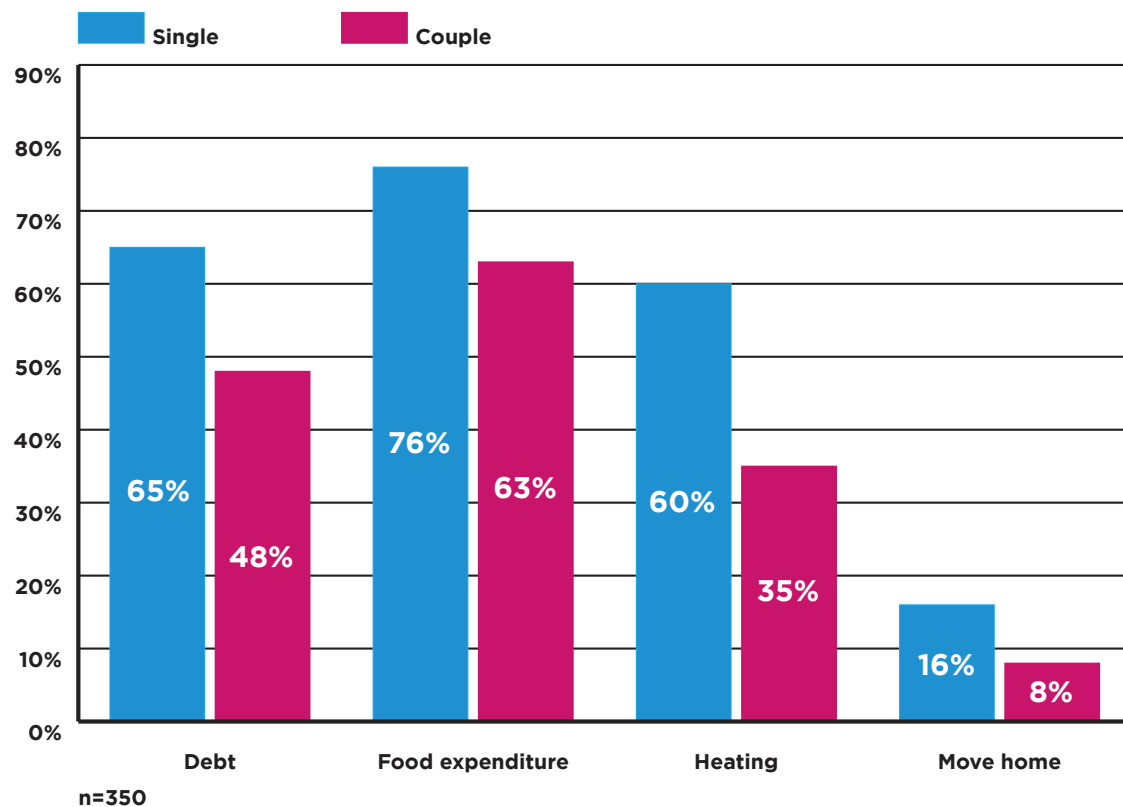
Two parents responding to the survey were even concerned that the severity of the problems the cut would create could lead to their disabled child having to go into full time residential care at some point in the future.

'We would face the choice of increased debt, over the eventual institutionalisation of our child'

'before we had these necessary benefits in place we were sinking deeper and deeper into debt, having to buy poor quality food and our house was becoming more and more chaotic as I did more and more myself to try to save money. if this happens again we will lose our children.'

Figure 10 breaks down the impact of losing £30 of benefit income by parenting status in four categories where the difference between couples and lone parents was statistically significant. Worryingly, in each of the four key categories of debt, reduced food and heating expenditure, and having to find somewhere cheaper to live, lone parents were considerably more likely to be affected than couples.

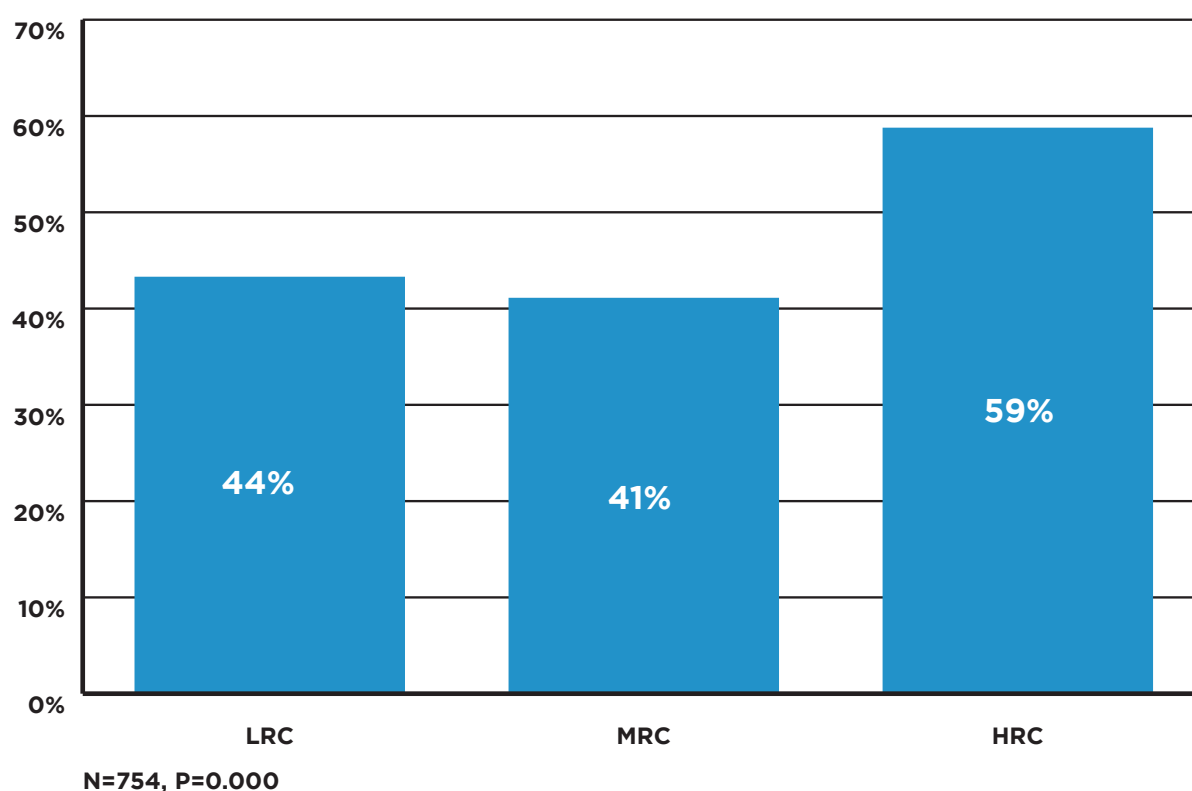
Figure 10: Predicted impact of losing £30 or more in disability benefits (by category) for lone parents/ couples with children in receipt of some rate of DLA other than high rate care



Interaction with social care changes

Respondents were also asked about whether they currently received help with the costs of their child's disability from the local authority or from local charities. The likelihood of receiving additional support from the local authority or local charities varied significantly by the rate of the care component families received for their disabled child. Families with children on high rate care were substantially more likely to receive social care compared to families with children on middle or low rate care. However, it is notable that families with children on mid rate care were no more likely to be receiving support from the local authority or local charities than children on low rate care.

Figure 11: Likelihood of receiving support from local authority/ local charities (by DLA care component for child)



It can be seen that those families likely to be affected by the cut in support in Universal Credit will normally not be receiving help from the local authority or other local agencies.

Local authorities are also unlikely to be able to offer more support in order to respond to the impact of the cut under Universal Credit. Notably, in cases where families were receiving additional support, around six in 10 (58%) said they had received a cut in the level of support received over the last year. Families explained that they faced cuts across services including health, education, leisure activities, short breaks and transport. For example:

'Occupational Therapy could only give 6 weeks of help due to government cut backs'.

'The two charities I used to get respite care from have had there government grants cut and as a result one has shut completely and the other is no longer able to help us'.

'Transport provision to special needs play-scheme has been stopped'

Analysis

At the start of the chapter, three key questions for analysis were raised. These were:

1. Will improved work incentives offset the cuts to support for families with disabled children?
2. Does the reform successfully align support for disabled children and adults?
3. What would be the impact of the reforms on the families affected?

This section addresses these questions.

1. Will improved work incentives offset the cuts to support for families with disabled children?

In some cases where families are able to move into work, the impact of the cut to the disability additions may be reduced or eliminated altogether as a result of improved work incentives under Universal Credit. This is detailed in 'Disability and Universal Credit'⁶ with the case given of a working couple with a disabled child, who are better off under Universal Credit than the current system when earning more than around £300 per week, even after the cut in the disability component for their child.

However, for many others, and particularly where making the move into work results in high levels of childcare costs, families will not be able to recoup the cut from child disability additions by moving into work. This is particularly likely to be true for lone parents with disabled children. Survey results have suggested that around a third of working lone parents with disabled children required childcare costs in order to be able to work. In the majority of cases, the costs they face are considerably higher than they would face if their child was not disabled.

This is a particular concern under Universal Credit, since proposals for support with childcare costs under Universal Credit include a change that will substantially reduce the amount of support which some of Britain's lowest income working families receive. The loss of support with childcare costs through Housing Benefit, and potentially Council Tax Benefit, is set to cost 100,000 of the lowest income working families up to £4000 per year in support with childcare⁷. This reduction in support will make it particularly hard for many families with high childcare costs for a disabled child, to offset the cut to the child disability additions through paid work.

In other cases, the costs of childcare were found to be prohibitively high, preventing families taking on additional work. As shown in figure 5, a third of households with children on the mid rate care component of DLA said that they could not take on additional work because the childcare costs incurred would be too great.

In addition, for many families, and particularly for lone parents, work is not a realistic option because of their need to care for their child. This is particularly important, since the survey indicated that the cut in support would have a particularly severe impact on lone parent families, the majority of whom reported that they would be left struggling to afford basics such as food and heating – this is the same group that is least likely to be able to make up the loss of support by moving into work.

6 Citizens Advice, The Children's Society and Disability Rights UK (2012) Disability and Universal Credit London: Citizens Advice

7 See The Children's Society (2012) 'The Parent Trap: Childcare cuts under Universal Credit'.

In the sample, of lone parents with a child on mid rate care, only a third were found to be in work. The key reasons for these respondents not being in full time paid work is that they have to provide full-time care for their disabled child and do not have the support of another parent.

It is also notable that employment rates and expectations are considerably higher for families with children on low rate care, than for children on mid or high rate care. The likelihood of incurring additional childcare costs is considerably higher for families with children on mid or high rate care. For those not in work, the length of time expected to remain out of work is considerably higher for mid or high rate care.

2. Does the reform successfully align support for disabled children and adults?

The government has argued that the value of the disability element for children has increased more quickly than equivalent support for disabled adults (the work related activity component of Employment and Support Allowance,) and is now considerably higher than this support.

It has been argued that this change realigns the rates of support for children and for adults, by having a single disability addition (paid at a higher and lower rate), paid on account of either disabled adults or disabled children.

‘More generous uprating over the period 2003 - 10 has seen the child payments increase at a faster pace than the adult payments, leading to a lack of alignment in rates. The Government aims to align child and adult payments through these reforms.’

However, cuts to support for disabled children under Universal Credit fail to align support for children and adults for three key reasons.

i. Support for disabled adults with limited capability for work is predicated on them being able to move back into work within a relatively short period, whereas, families with disabled children may need to remain out of work for some time

As shown previously in this chapter, many people unable to work as a result of caring for disabled children do not believe they will be able to move back into work in the near future. For example survey results indicated that only around 2% of those with children on mid rate care thought they would be able to move back into work within the year. More than half of parents with a child receiving some rate of the care component of DLA thought that it would be more than five years before they could move back into work.

It is clear from the survey that for many parents with disabled children, and particularly for lone parents, schedules of therapy and other appointments, the provision of care, and in some cases unaffordable childcare costs can make moving into sustainable work unfeasible.

ii. There is additional support for disabled adults in work which is not available for families with disabled children

If they do move back into work, disabled adults may be entitled to some level of additional support under Universal Credit (on top of their disability element) through a higher level of earnings disregard. For a single disabled adult this additional support is expected to be worth around £900 per year.

Despite being likely to face considerable extra costs on moving into work, no equivalent extra support is provided for families with disabled children. This means that working families with disabled children may be entitled to significantly less disability support than working disabled adults.

Appendix 2 represents support for disabled adults and for disabled children within the means tested benefit system under the current system and under Universal Credit. As can be seen, both in and out of work, families with disabled children can receive up to £28 per week of support through Universal Credit. Single disabled adults may receive £45 per week of support through a combination of the disability addition and the disability disregard.

iii. The qualification conditions for disability support through Universal Credit are different for children and adults

Children are eligible for support through Universal Credit on the basis of DLA receipt (any rate of DLA for the lower rate of support, higher rate care component – or a severe visual impairment – for the higher rate.) Adults will be eligible for support through Universal Credit on the basis of the Work Capability Assessment (receiving the lower rate of support if they are found to have limited capability for work, and the higher rate if they have limited capability for work related activity.)

In some cases, differences between the two groups are enormous. For example, a blind child would automatically receive the higher disability addition under Universal Credit. However, once they are treated as an adult, there would be no guarantee that they would be found to have limited capability for work – meaning they could go from £80 per week additional support as a child, to no additional support through Universal Credit on account of their disability as an adult.

This shows quite clearly that the qualification conditions for the two benefits are not aligned between children and adults.

3. What would be the impact of the reforms on the children and families affected?

The survey findings suggest that the impact of the reforms would be substantial, and would be likely to disproportionately affect those on whom they would have the most detrimental impact.

Of all households likely to be affected by the change, nearly 70% said that if they lost £30 per week in benefits, they would need to cut back on food spending, more than half said they would get into debt. Around one in 10, (potentially 10,000 families) said they could have to look for somewhere else to live as a result of the change.

Because of finding it harder to move into employment, and when in employment seeing lower returns from work as a result of childcare costs, it has been suggested earlier in the chapter that the reforms are disproportionately likely to impact on single parent families with disabled children. The survey evidence suggested that these families would also be the most likely to find it difficult to cope with cuts in support. It suggested that single parent families with disabled children were disproportionately more likely to get into debt, to have to cut back on food expenditure and heating, and to have to move home, as a result of the reforms.

Nearly two thirds of single parent families with disabled children said they were likely to get into debt as a result of the changes, more than three quarters that they would have to cut back on food, six in 10 that they would have to cut back on heating expenditure, and one in six warned they may have to move home.

Local authorities are unlikely to be able to make up the difference where families do lose out as a result of the change. Only around four in 10 families receiving DLA for a child other than at the high rate care component received support from the local authority or local charities. Notably families with children who would be protected from the change, i.e. those receiving high rate care, were considerably more likely to receive other support, with six in 10 receiving some level of support from their local authority or from local charities or other agencies.

Conclusion and recommendations

The survey makes clear that for families with disabled children, the impact of the loss of £30 per week from their benefit entitlement could be disastrous. For many it would mean cutting back on essentials such as food and heating, and drive families deeper into debt. For a worrying minority it could even mean losing their home.

For some, the loss from the disability element will be offset by improved in work support. However, for many families with disabled children, high childcare costs in work combined with reduced support with childcare costs under Universal Credit, will make it impossible for parents to offset the reduced disabled child addition. This is particularly the case for lone parents with children on the mid rate care component of DLA. Those that evidence suggests are likely to be the hardest hit by this change (particularly lone parents caring for disabled children), are also likely to be the ones who find it hardest to offset the loss of support through work.

For other families with disabled children, moving into fulltime work is not an option – either care responsibilities for their children are too great, including attendance at therapeutic activities or other appointments. Staying out of work is unlikely to be a short term decision for many affected by the cut, only 2% of those out of work with children on the mid rate care component of DLA were looking to move back into work within the following year.

Policy recommendations

We do not believe it is appropriate to cut support for any disabled children – there is evidence that disabled children on all rates of DLA will suffer if the addition is reduced. However, if the government does choose to proceed with this change, policy changes could help to improve the targeting of the policy.

1. Protect children on the mid rate care component of DLA

If it is not possible to protect the additional levels of financial support for all disabled children the survey evidence suggested that families with children on mid rate care were particularly vulnerable to this cut. This is particularly true because of the lower likelihood of parents being able to offset the impact of the cut by moving into work, and the high likelihood of requiring childcare in work which would not be required if the child was not disabled. In many of these respects, this group of children appears to have more similarities to children on the high rate care component, than to those on the low rate care component. This is particularly apparent when considering lone parents' employment decisions (see figures 2, 3, 4 and 5) and the additional costs of childcare faced by families on moving into work.

Given the evidence received by the inquiry we believe that the government should consider introducing a third rate of disability addition for disabled children under Universal Credit, which would be between the low rate and the high rate. This rate of support would be equivalent to the current disability element of child tax credit, and would be paid for children in receipt of the mid rate care component of DLA.

This would effectively mean that this group of children would neither receive a lower rate of support, nor be moved on to the high rate, it would mirror the structure of the care component of DLA.

2. Additional support with childcare for families with disabled children

It is clear that for many of the working families responding to the survey, their childcare costs were significantly higher than they believed they would have been had their child not been disabled. This was for a variety of reasons – for example, more than half said it was simply because their child would not require as much or any childcare were they not disabled. However, a quarter said there was a cheaper provider locally, but they would not take their child, one in five said that they incurred additional travel costs in getting to a provider further away, and 15% said that their own provider charged them more because their child was disabled.

This was clearly a significant barrier to work. Of families where not all adults were in full time paid work, around a third of those with a child on the mid or high rate care component of DLA said that a key reason for this was that childcare costs would be too high.

Since no extra help with childcare costs for disabled children is offered through the benefits and tax credits system, many families must be paying the extra costs from other benefits received, including the child disability additions. Reduced support through these additions is therefore likely to make it harder for parents to afford these additional costs.

We believe that the government should consider increasing the rate of childcare support for families with disabled children under Universal Credit, to 10% higher than that provided for non-disabled children (from 70% to 80% at current proposed rates.) This would help to ensure that parents still had the means of covering additional costs of childcare for their children with disabilities.

Appendix 1

Disability Living Allowance (DLA)

DLA is paid to help with disabled people's care or mobility needs. It is paid to children and to adults of working age. Adults of pension age can claim Attendance Allowance. There are two different components in DLA 'care' and 'mobility'.

Disabled people can receive the care component at one of three rates:

- The lowest rate of the care component is paid if they require support from another person, in connection with their bodily functions, for a significant proportion of the day
- The mid rate care component is paid if they require frequent attention or continual supervision through the day or night
- The high rate care component is paid where care is required through the day and night, or if the person is terminally ill.

Disabled people can receive the mobility component at one of two rates:

- The low rate of the mobility component may be paid where as a result of their disability the person requires guidance or supervision when walking outdoors
- The high rate of the mobility component is paid when the person is unable or virtually unable to walk.

DLA for children

The same conditions apply and the same components are available to disabled children. However there is an extra test for children as well as showing the care or mobility needs the child must also show care and mobility requirements substantially in excess of the requirements of a child of the same age with normal physical and mental health.

There are also age restrictions on the mobility component for children – the child must be over five to claim the low rate of mobility and over three years of age to claim the high rate of mobility.

Appendix 2

Additional weekly support for disabled children and adults through means tested benefits and tax credits

	Current System	Value	Universal Credit	Value
Children	Disability element (Child Tax Credit)	£57	Disabled Child element (lower level)	£28
	As above, plus Severely Disabled Child element (Child Tax Credit)	£79	Disabled Child element (higher level)	£80
Adults (out of work- and assuming no SDP)	Work Related Activity Component (ESA)	£28	Limited Capability for Work (LCW) element	£28
	Support Component (ESA)+ Enhanced Disability Premium	£49	Limited Capability for Work Related Activity (LCWRA) element	£80
Adults (in work)	Disabled Worker element (Working Tax Credit)	£54	LCW element, plus Limited Capability for Work earnings disregard	£45 ⁹
	As above plus Severe Disability element (Working Tax Credit)	£76	LCWRA plus Limited Capability for Work earnings disregard	£97 ¹⁰

⁹ For single disabled person with housing costs, the value of the disregard depends on household type and whether have housing costs.

¹⁰ See previous

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